

ARCH CAPE SANITARY DISTRICT DRAFT MINUTES

18 November 2016

A quorum was present.

Sanitary Board: Darr Tindall, President
Ron Schiffman, Vice-President
Debra Birkby, Treasurer
Virginia Birkby
Casey Short

Public: Don Cahill
David & Jeannie Stockton

Staff: Phil Chick, District Manager
Steve Hill, Secretary

Ms. Darr Tindall called the meeting to order at 6:34 pm.

Public Comment: Mr. Don Cahill spoke of his desire to appeal recent excess usage charges.

Agenda: Mr. Cahill's appeal request was added to the agenda to be heard immediately following the consent agenda. Mr. Short moved acceptance of the agenda as amended which was seconded by Ms. Virginia Birkby. AIF.

Consent Agenda: Ms. Virginia Birkby moved acceptance of the consent agenda which was seconded by Mr. Short. AIF.

Cahill Request for Billing Relief: Mr. Don Cahill presented his appeal to the Board for relief from the excess water usage charges on his September 10, 2016 sanitary invoice. He stated that he agreed with and paid his water bill which included excess usage charges as well as the standard quarterly amount on the sanitary invoice but based his appeal on the fact that the establishment of a lawn on newly acquired property near his home was a one time event, and was water that was not subject to treatment at the waste water treatment plant. Mr. Phil Chick spoke to the water usage patterns reflected in the water meter data recently extracted which supported Mr. Cahill's account. When Mr. Allen Fenton, a neighbor observed that the seeds didn't seem to be germinating, the schedule was elevated to three times a day during July which recorded the highest water usage of 31,610 gallons.

It was felt that Mr. Cahill's extra water use in this instance did not affect the treatment plant and was not representative of a formally installed irrigation system which was both unreported or running in a wasteful manner which, if that were the case, would encourage enforcement of the excess charges portion of the bill. A contrary view was also

expressed that if the water was metered and used, it should be billed for and paid by the customer.

Mr. Schiffman moved that Mr. Cahill be forgiven the excess usage portion of his most recent sanitary district bill amounting to \$2,038.14 which was seconded by Mr. Short. Mr. Schiffman voted no. Ms. Darr Tindall, Ms. Virginia Birkby, Ms. Debra Birkby and Mr. Short voted yes. The motion passed.

Old Business:

SDC Financing (Bancroft): Moved to next month.

Irrigation and Leak Policies: It was moved by Ms. Tindall to adopt the Dwelling Water Leak Policy which was seconded by Ms. Debra Birkby. AIF.

The Irrigation and Leak Policy was suspended for further discussion and possible adoption next month.

Sanitary Excess Usage Policy: Different options reflecting different tiers and rates (attached) were reviewed as considered in recent work sessions. There was a consensus developed to determine the potential financial impact to the district for options being considered and to defer consideration to next month.

New Business:

2015-16 Preliminary Audit Review Draft: As discussed in the water district, an attempt will be made to have Pat Carney, CPA present the new modified cash basis audit review to the Board at the December 16, 2016 regular meeting and be available for questions.

Reports:

Accounts Receivable: Account receivables were reported to be in good shape.

District Manager's Report: (attached) Membranes were reported to still have from two to four years of additional life left and would be re-examined annually with a Kubota representative.

Treasurer's Report: The accounts were reported by the Treasurer to be up to date and successfully reconciled. The Columbia Bank checking account balance at month end was \$160,045.

Board Comments: Mr. Casey Short declared that as the Board reconsidered the Irrigation System Report and Leak Policy that the discretionary powers that the Board

had would be important to understand which was concurred in by Mr. Ron Schiffman and the directors generally.

Debra Birkby said how happy she was with the announced purchase of the watershed by Ecotrust and how it would benefit the community.

December Agenda Items: Irrigation and leak policies, audit review update, Bancroft SDC financing and excess charges.

Public Comment: Ms. Jeannie Stockton expressed her appreciation to Mr. Don Cahill for the forthcoming manner in which he went about seeking relief for his bill.

The meeting was adjourned by Ms. Tindall at 7:44 pm.

Respectfully submitted,

Steve Hill

Attest _____
Ms. Darr Tindall, President

**Arch Cape Sanitary District
Dwelling Water Leak Policy
Policy #_____**

WHEREAS, the Arch Cape Sanitary District [ACSD] invoice billing is based upon water consumption as measured and reported by the Arch Cape Domestic Water Supply District [ACDWSD], including water consumption within Cannon View Park, Inc. and

WHEREAS, the ACDWSD has adopted a Dwelling Water Leak Policy [Ref. ACDWSD Policy #_____], and

WHEREAS, said ACDWSD Dwelling Water Leak Policy provides for consumer relief from excess water charges for water consumption due to a leak,

NOW THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE ARCH CAPE SANITARY DISTRICT,

THAT it shall be the policy of the ACSD to adhere to the definitions and provisions of the ACDWSD Water Leak Policy #_____, and to the findings of the ACDWSD regarding dwelling water leak customer appeals,

THAT the term “dwelling plumbing system” as used herein is defined as the plumbing system from the ACDWSD water meter to the premises dwelling and its attendant pipes, fittings and fixtures and does not include irrigation systems [Ref. ACSD Irrigation System Report and Leak Policy #_____],

THAT the term “leak” as used herein is defined as a dwelling plumbing system failure beyond the control of the homeowner, resulting in unintended water consumption,

THAT the “cost of wastewater treatment” includes Operating Costs (total M&S), excluding bonded debt service, for the then current budget of the ACSD,

THAT in the event of a leak resulting in excess wastewater treatment charges, said excess charges may be appealed to the ACSD as provided in the ACSD Billing Appeal Policy [Ref. ACSD Billing Appeal Policy #_____ and Appeal Request Form],

THAT it shall be the policy of the ACSD to bill the subject excess wastewater treatment charges as determined by the ACDWSD to be water consumption due to a leak, at the cost of wastewater treatment for the ACSD, and not at excess sanitary usage rates; this policy includes customers of Cannon View Park Inc.

.
DATED:

Arch Cape Sanitary District
Irrigation System Report and Leak Policy
Policy # _____

WHEREAS the billing invoice for the services and water treatment provided by the Arch Cape Sanitary District [ACSD] to its customers is based upon water consumption as measured and reported by the Arch Cape Domestic Water Supply District [ACDWSD], including water consumption within Cannon View Park, Inc., and

WHEREAS, the ACSD intends to create a policy with regard to irrigation systems, water consumption, and irrigation system failures resulting in leaks,

NOW THEREFORE, IT IS RESOLVED BY THE BOARD OF DIRECTORS OF THE ARCH CAPE SANITARY DISTRICT,

THAT it shall be the policy of the ACSD to adhere to the definitions and provisions of the ACDWSD Irrigation System Report and Leak Policy # _____,

THAT the term “irrigation systems” is defined as an under-ground or above-ground system of pipes, fittings and sprinkler/distribution heads which when in operation dispense water onto lawns and landscape and is external to the dwelling plumbing system, and is not directly or indirectly connected to the ACSD wastewater collection and treatment system [Ref ACSD Dwelling Water Leak Policy # _____],

THAT the term “leak” as used herein is defined as irrigation system failure beyond the control of the homeowner, resulting in the unintended consumption of water,

THAT irrigation systems shall be physically shut off from November 1 through April 30 of the next year and that no relief for irrigation leaks shall be granted for leaks occurring during that period,

THAT it shall be the policy of the ACSD to grant relief from excess wastewater treatment charges resulting from water consumption, including water consumption within Cannon View Park, Inc., that is determined by the ACDWSD, to be water consumption due to an irrigation system leak beyond the control of the homeowner, and discovered and repaired in a timely manner,

THAT along with other relevant evidence, consideration shall be given to homeowner history of water consumption during the twelve month period immediately preceding the discovery of the leak, homeowner acts or omissions, the timeliness of repairs, and the severity of the leak,

THAT in the event that a ACDWSD and ACSD Annual Irrigation Policy Maintenance and Operations Report Form is not submitted by May 1st of each year by customers of the ACSD, then the customer shall have no claim for relief whatsoever from ACSD billing invoice charges, basic, excess or otherwise [Ref. ACDWSD Annual Irrigation Policy Maintenance and Operations Report Form].

DATED:

**Arch Cape Domestic Water Supply District
And
Arch Cape Sanitary District
Annual Irrigation Policy Maintenance and Operations Report Form**

Type of Irrigation
Controller: _____;
Date of Last
Inspection: _____
_____;

Number of
Zones: _____
_____;

Time of Day Each Zone is Used:
1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____
_____ 8 _____

Rate of Use for Each Zone:
1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____
_____ 8 _____

Total Gallons Used per Minute
(GPM): _____;

Report and
Repairs: _____

_____;

Homeowners
Name: _____

Homeowners Telephone
Numbers: _____

Homeowners Email
Address: _____

Homeowners Other Emergency
Contact: _____

Irrigation Contractors
Name: _____

Irrigation Contractors Telephone
Numbers: _____

Please submit this report on or before May 1st:
Arch Cape Water and Sanitary Districts
32065 E Shingle Mill Ln
Arch Cape, OR 97102

**FAILURE TO TIMELY SUBMIT THIS REPORT WILL FORFEIT YOUR
RIGHT TO A CLAIM FOR RELIEF IN THE EVENT OF A SYSTEM LEAK**

Date: _____
(Homeowners Signature)

Arch Cape Sanitary District Excess Usage Tier Options

CURRENT:

	<u>Gallon Usage:</u>	<u>Price per 100 gallons</u>	<u>Amount</u>	<u>Cumulative</u>
Tier 1	5,001-8,000	\$0.125	\$3.75	\$3.75
Tier 2	8,001-12,000	\$0.375	\$15.00	\$18.75
Tier 3	12,001-16,000	\$5.00	\$ 200.00	\$218.75
Tier 4	16,001-25,000	\$9.00	\$810.00	\$1,028.75
Tier 5	25,000 and up	\$15.00		

Option 1 (drops current tier 5)

	<u>Gallon Usage</u>	<u>Price per 100 gallons</u>	<u>Amount</u>	<u>Cumulative</u>
Tier 1	5,001-8,000	\$0.125	\$3.75	\$3.75
Tier 2	8,001-12,000	\$0.375	\$15.00	\$18.75
Tier 3	12,001-16,000	\$5.00	\$200.00	\$218.75
Tier 4	16,001 and up	\$9.00		

Option 2 (drops current tier 4 & 5)

	<u>Gallon Usage</u>	<u>Price per 100 gallons</u>	<u>Amount</u>	<u>Cumulative</u>
Tier 1	5,001-8,000	\$0.125	\$3.75	\$3.75
Tier 2	8,001-12,000	\$0.375	\$15.00	\$18.75
Tier 3	12,001 and up	\$5.00		

Option 3 (decreases current 4th tier to \$7.50, drops 5th tier)

	<u>Gallon Usage</u>	<u>Price per 100 gallons</u>	<u>Amount</u>	<u>Cumulative</u>
Tier 1	5,001-8,000	\$0.125	\$3.75	\$3.75
Tier 2	8,001-12,000	\$0.375	\$15.00	\$18.75
Tier 3	12,001-16,000	\$5.00	\$200.00	\$218.75
Tier 4	16,001- and up	\$7.50		

ARCH CAPE SANITARY DISTRICT

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

*Arch Cape, Oregon
June 30, 2016*

PATRICK G. CARNEY, CPA, P.C.
Certified Public Accountant

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Lake Oswego, Oregon 97035
Phone: (503) 624-9204
Fax: (503) 624-9275

**ARCH CAPE SANITARY DISTRICT
BOARD OF DIRECTORS**

June 30, 2016

Darr Tindall
16255 SW Ludwig
Aloha, Oregon 97007

President

Virginia Birkby
79829 Gelinsky
Arch Cape, Oregon 97102

Vice-President

Debra Birkby
31897 West Ocean View Lane
Arch Cape, Oregon 97102

Treasurer

Ron Schiffman
32016 E. Shingle Mill Lane
Arch Cape, Oregon 97102

Director

Casey Short
3425 NE 22nd Avenue
Portland, Oregon 97212

Director

Registered agent: Mr. Phil Chick, District Manager

**District mailing address: 32065 East Shingle Mill Lane
Arch Cape, OR 97102**

CONTENTS

	Page
A. Independent Auditor's Review Report	3
B. Management's Discussion And Analysis	5-7
C. Basic Financial Statements	
Government -wide Financial Statements	
Statement of Net Position – Modified Cash Basis	8
Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash Basis	9
Statement of Cash Flows – Modified Cash Basis	10
Notes to Basic Financial Statements	11
D. Supplementary Information	
Schedule of Receipts, Disbursements and Changes in Cash Balance – Budget and Actual - General Fund	21
Schedule of Disbursements - Budget and Actual - General Fund	22
Schedule of Receipts, Disbursements and Changes in Cash Balance – Budget and Actual - Capital Fund	23
Schedule of Future Loan and Principal Requirements	24
Schedule of Property Tax Transactions	29
E. Auditor's Comments and Disclosures Required by State Regulations	30

PATRICK G. CARNEY, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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14535 Westlake Drive, Suite A-1
Lake Oswego, OR 97035

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Arch Cape Sanitary District
Arch Cape, Oregon

I have reviewed the accompanying modified cash basis financial statements of the Arch Cape Sanitary District, Arch Cape, Oregon, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Change in Accounting Basis

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

Required Supplementary Information

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The supplemental information, as listed in the table of contents, has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and I did not become aware of any material modifications that should be made to such information.

The Management's Discussion and Analysis and the Management Representation of Fiscal Affairs Required by Oregon Regulation, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but has been compiled from information that is the representation of management. I have not audited or reviewed this information, and accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Lake Oswego, Oregon
November 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the Arch Cape Sanitary District (District). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District.

Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the District's financial statements.

REPORT LAYOUT

The District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the District. The components of the report include the following:

- * **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the District.
- * **Basic Financial Statements.** The District's basic financial statements are comprised of four components; 1) Statement of Net Position – Modified Cash Basis 2) Statement of Revenue, Expenses and Changes in Net Position – Modified Cash Basis 3) Statement of Cash Flows – Modified Cash Basis and 4) Notes to Basic Financial Statements.

The Statement of Net Position – Modified Cash Basis presents the cash, fixed assets and debt of the District. This statement includes some of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the District's creditors (liabilities). It can provide the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenue, Expenses and Changes in Net Position- Modified Cash Basis presents information showing profitability and credit worthiness as well as how the District's net position changed during the most recent fiscal year. This statement shows income and expenses from operations, non operating revenues and expenses, and reconciles the change from one fiscal year to the next. This statement measures the success of the District's operations on a modified cash basis over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The Statement of Cash Flows – Modified Cash Basis is prepared using the direct method and is concerned solely with input and outlay of cash from operating activities, capital and related financing activities and investing activities. This statement also includes a reconciliation to the Statement of Revenues, Expenses and Changes in Net Position. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. It answers such questions as where did the cash come from, what was the cash used for and what was the change in cash balance during the reporting period.

Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

- * **Required Supplementary Information.** The Management Discussion and Analysis is required by GASB to be presented. Such information provides users of this report with additional data that supplements the fund financial statements and notes.
- * **Supplementary Information.** The budgetary comparison schedules are reported as required by Oregon Minimum Standards.

FINANCIAL HIGHLIGHTS

Infiltration and inflow into the waste water treatment plant has continued to reflect the anticipated decrease resulting from the completion of the multi-year upgrade project funded by IFA-Business Oregon just completed. The principal buildings at the plant received a new coat of exterior paint. In tandem with the water district, the long range financial plan is continuing to be updated along with the capital plan to anticipate future district requirements. Policy development is moving forward for the District. Hookups continued to grow from 331 to 332 for the year and is anticipated to accelerate in the following year. The financial statements reflect an election to reporting on a modified cash basis where inter-governmental agreement obligations are reflected in the period incurred while remaining monies received as income or disbursed as expense are shown when received and paid.

Results of Operations: During 2015-2016 the District received more resources than it expended, thereby increasing the net position of the District at June 30, 2016.

Significant Transactions and Changes in Individual Funds: The current year user charge revenue was sufficient to cover current year personnel and operating costs.

Significant Budgetary Variances: The total expenditures for total personnel services, materials and services and capital outlay within the General Fund were within budget. Total expenditures within the Capital Fund were within budget, and no budget appropriation transfers were made.

Infrastructure: The District infrastructure consists principally of sanitary service lines. The sanitary system is depreciated over the estimated useful life of its components.

**CONDENSED FINANCIAL INFORMATION
(MODIFIED CASH BASIS)**

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>
Current assets	\$ 281,414	\$ 353,438	\$ 72,024
Capital assets, net	<u>4,762,565</u>	<u>4,636,547</u>	<u>(126,018)</u>
Total assets	5,043,979	4,989,985	(53,994)
Current liabilities	89,064	91,926	2,862
Long-term liabilities	<u>2,797,885</u>	<u>2,705,929</u>	<u>(91,926)</u>
Total liabilities	2,886,919	2,797,855	(89,064)
Invested in capital assets	1,875,646	1,838,692	(36,954)
Restricted for capital expenditures	38,630	61,088	22,458
Unrestricted	<u>242,784</u>	<u>292,350</u>	<u>49,566</u>
Total net position	<u>\$ 2,157,060</u>	<u>\$ 2,192,130</u>	<u>\$ 35,070</u>

	<u>Fiscal Year Ended June 30, 2015</u>	<u>Fiscal Year Ended June 30, 2016</u>	<u>Favorable (Unfavorable)</u>
User charges	\$ 276,304	\$ 239,151	\$ (36,703)
Hook-up fees	<u>14,610</u>	<u>22,458</u>	<u>7,848</u>
Total business-type revenue	290,464	261,609	(28,855)
Personal services	0		
Materials and services	220,587	192,698	27,889
Depreciation	<u>127,674</u>	<u>126,018</u>	<u>1,656</u>
Total business-type expenses	348,261	318,716	29,545
Other changes to net position	<u>355,538</u>	<u>92,177</u>	<u>(263,361)</u>
Increase (decrease) in net position	<u>\$ 297,741</u>	<u>\$ 35,070</u>	<u>\$ 262,671</u>

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District at: 32065 East Shingle Mill Lane, Arch Cape, Oregon 97102.

ARCH CAPE SANITARY DISTRICT
STATEMENT OF NET POSITION –
MODIFIED CASH BASIS

June 30, 2016

ASSETS

Current assets:

Cash	\$ 353,438
Total current assets	353,438

Non-current assets:

Land	297,367
Fixed assets, net of depreciation	4,339,180
Total non-current assets	4,636,547

Total assets	4,989,985
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LIABILITIES

Current liabilities:

Current portion of long-term debt	91,926
Total current liabilities	91,926

Long-term debt	2,705,929
Total liabilities	2,797,855

NET POSITION

Net invested in capital assets, net of related debt	1,838,692
Restricted for Capital Expenditures	61,088
Unrestricted	292,350
Total Net Position	\$ 2,192,130

The notes to the financial statements are an integral part of this statement.

ARCH CAPE SANITARY DISTRICT
STATEMENT OF RECEIPTS, EXPENSES,
AND CHANGES IN NET POSITION – MODIFIED CASH BASIS
Fiscal year ended June 30, 2016

OPERATING REVENUES:	
Service revenues	\$ 239,151
Total operating revenues	<u>239,151</u>
OPERATING EXPENSES:	
Arch Cape Water – District IGA	105,498
Depreciation	126,018
Maintenance and supplies	14,612
Dues and taxes	1,114
Chemicals	4,124
Utilities	43,683
Professional	11,138
Insurance and surety bonds	10,269
Licenses and permits	2,260
Total operating expenses	<u>318,716</u>
Operating income (loss)	<u>(79,565)</u>
Non-operating revenues (expenses):	
Interest income	1,553
Hook up fees	22,458
WD Facilities use charge	3,225
Property tax revenue	142,975
Loan interest	(109,737)
Loan surcharge revenue	54,161
Total non-operating revenues (expenses)	<u>114,635</u>
Change in net position	35,070
Net Position - July 1, 2015	<u>2,196,849</u>
Net Position - June 30, 2016	<u>\$ 2,192,130</u>

The notes to the financial statements are an integral part of this statement.

ARCH CAPE SANITARY DISTRICT
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
Fiscal year ended June 30, 2016

Cash flows from operating activities	
Receipts from customers	\$ 239,151
Payments to suppliers	<u>(192,698)</u>
Net cash provided (used) by operating activities	<u>46,453</u>
 Cash flows from non-capital financing activities	
Loan surcharge income	54,161
Hook up revenue	22,458
WD Facilities use charge	<u>3,225</u>
Net cash provided from non- capital financing activities	<u>79,844</u>
 Cash flows from capital and related financing activities	
Payment of debt principal and interest	(198,801)
Property tax revenue	<u>142,975</u>
Net cash provided (used) by capital and related financing activities	<u>(55,826)</u>
 Cash flows from investing activities	
Interest received	<u>1,553</u>
Net cash provided (used) from investing activities	<u>1,553</u>
 Net increase (decrease) in cash and investments	 72,024
 Cash balance - July 1, 2015	 <u>281,414</u>
 Cash balance - June 30, 2016	 <u>353,438</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (79,565)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	<u>126,018</u>
 Net cash provided (used) by operating activities	 <u>46,453</u>

The notes to the financial statements are an integral part of this statement.

ARCH CAPE SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements on the constraints of the measurement and recognition criteria of the modified cash basis of accounting. The more significant of the District's accounting policies are described below.

Reporting Entity:

Arch Cape Sanitary District was established under the provisions of Oregon statutes to provide sanitary service for the benefit of the population within the District, which is located within Clatsop County, Oregon. Control of the District is vested in its Board of Directors who are elected to office by voters within the District.

As required by generally accepted accounting principles, the District's general purpose financial statements include all component units over which the District officials exercise oversight responsibility. The criteria used in making this determination included an evaluation of the concepts of financial interdependency, election of the governing authority, designation of management, ability to significantly influence operations and accountability of fiscal matters. Based upon the evaluation of these criteria the District is a primary government with no inclusive component units.

Basis of Presentation:

The accounts of the District are organized and operated on the basis of a single proprietary fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income similar to the private sector.

Governmental financial statements generally include both government-wide and fund financial statements. However, the District is a special purpose government engaged only in business-type activities, and such organizations present only the financial statements required for enterprise funds.

The operations of a fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated to and accounted for in individual funds based on the purposes for which revenues are received and monies expended.

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

In the fund financial statements, the "current financial resources" measurement focus or the "

economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. Proprietary fund equity is classified as net position.

In the financial statements, the District’s activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation and recognition of liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are *not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted in the United States, The statements would use the accrual basis of accounting.

The budgetary operations of the District are accounted for in the following two funds:

General Fund

The General Fund accounts for the operations of the District, financed from user fees and other general revenues. The general operating costs and expenses are paid from this Fund.

Special Revenue Fund

The Capital Fund accounts for system improvement and expansion expenditures. Revenues of this Fund are provided by connection fees, interest income and operating transfers from the General Fund. The assets acquired are transferred to the General Fund and are included in the depreciable fixed assets of the General Fund.

Cash and investments

Cash and investments include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the District-wide investment pool. Investments, including equity in pooled cash and investments, are stated at fair value.

The District applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the Statements of Net Position and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The District is restricted by State of Oregon statutes in the types of investments that can be made. Statutes authorize the District to invest in obligations of the U.S. Treasury; agencies, and instrumentalities of the U.S.; States of Oregon, Washington, Idaho or California; various interest bearing bonds of municipalities; commercial paper rated P-2 and better by Moody’s Investors

Services or A-2 and better by Standard and Poor's Corporation; bankers' acceptances; and the Oregon State Treasurer's Local Government Investment Pool. Certain other investment types, which are not listed here, are also authorized.

Capital Assets

Capital assets, which include property, water system and equipment are reported in the General Fund. Capital assets are charged to expenditures as purchased and then capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Sewer facility	25
Office and other equipment	5-10

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Net Position Classification

Net Position is classified and displayed in three components:

- A. Invested in capital assets, net of related debt. Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- B. Restricted net position. Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments: or (2) law through constitutional provisions or enabling legislation.
- C. Unrestricted net position. All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

It is the District's policy to first use restricted assets prior to the use of unrestricted assets when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Use of Estimates

In preparing the District's financial statements, management is required to make estimates and

assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intergovernmental Agreement

Arch Cape Sanitary District has an agreement with Arch Cape Domestic Water Supply District to share personal service costs. The Water Supply District is the employer of two employees and the Sanitary District reimburses the Water Supply District for its share of labor costs, payroll taxes and employee benefits performed on behalf of the Sanitary District.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a cash basis consistent with Oregon Revised Statutes (ORS 294 Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

The Budget Officer submits a proposed budget to the Budget Committee. The District is required to budget all funds. The District's budget is prepared for each fund on the accrual basis of accounting. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the Board of Directors for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Board without returning to the Budget Committee for a second approval.

The Board of Directors legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse as of year-end.

The Board of Directors may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the District. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control. During the fiscal year ended June 30, 2016, the Board did not have a transfer of appropriation between levels of control and did not adopt a supplemental budget.

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

Oregon Revised Statute 295 governs the collateralization of Oregon public funds. District deposits exceeding federal depository insurance are afforded protection through the Public Funds Collateralization Program, which is a shared liability structure for participating depositories established by the State Treasurer to facilitate compliance with ORS 295. Under the Public Funds Collateralization Program, a qualifying bank depositories are required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, or 110% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

The District has invested funds in the State Treasurer’s Oregon Short-term Fund Local Government Investment Pool during fiscal year 2016. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORD 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer’s office, which allow governments within the state to pool their funds for investment purposes.

Custodial Credit Risk – Deposits

At June 30, 2016, the book balance of the District’s bank deposits is \$ 113,543 and the bank balance is \$114,168. The difference is due to transactions in process. Of the bank deposits balances \$250,000 is insured by federal depository insurance at each bank.

The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated by any national rating service. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool’s investment policies. The State Treasurer is the investment officer for the LGIP and it is responsible for all funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State’s Office audits the Pool annually. The Audit Divisions report on the LGIP as of and for the year ended June 30, 2016 was unqualified. District deposits in the Oregon LGIP are not required to be collateralized.

Cash and investments at June 30, 2016 were comprised of the following:

<u>Type of Deposit</u>	<u>Cash Balance</u>
Deposits with Columbia Bank	\$ 113,543
State of Oregon Local Government Investment Pool	239,895
Total cash	<u>\$ 353,438</u>

Capital Assets

The changes in capital assets for the year ended June 30, 2016 are summarized below:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 297,367			\$ 297,367
Sewer Facility	6,843,616			6,843,616
Motor Vehicle	45,017		\$ (45,017)	0
Equipment	64,252			64,252
Accumulated depreciation:				
Sewer Facility	(2,378,418)	\$ (126,018)		(2,504,436)
Motor Vehicle	(45,017)		45,017	0
Equipment	(64,252)			(64,252)
Totals	\$ 4,762,565	\$ (126,018)	\$ 0	\$ 4,636,547

Long-Term Debt

In March 2003, the District obtained a loan from the Oregon Department of Environmental Quality. The principal loan amount of \$224,701 is to be repaid over 20 years. The future principal and interest requirements for this loan are as follows:

Fiscal Year Ending	Principal	Interest
2017	\$ 12,755	\$ 2,741
2018	13,158	2,338
2019	13,574	1,922
2020	14,004	1,492
2021	14,447	1,049
2022-2023	22,357	712
Total	\$ 90,475	\$ 10,254

Changes to Long-Term Debt during 2015-2016 are as follows:

	June 30, 2015	Borrowed	Paid	June 30, 2016
Principal	\$ 102,838		\$ (12,363)	\$ 90,475
Interest	13,387		(3,133)	10,254
	\$ 116,225	\$ 0	\$ (15,496)	\$ 100,729

The future principal and interest requirements to maturity are as follows:

General Obligation Bond Issue

Fiscal Year Ending	Principal	Interest
2017	\$ 47,210	\$ 74,254
2018	49,301	72,163
2019	51,273	70,191
2020	53,511	67,953
2021	55,284	66,180
2022-2026	312,405	294,915
2027-2031	380,090	227,230
2032-2036	462,497	144,823
2037-2040	439,708	44,792
Total	\$ 1,851,279	\$ 1,062,501

Changes to Long-Term Debt during 2015-2016 are as follows:

	June 30, 2015	Issued	Paid	June 30, 2016
Principal	\$ 1,897,068	\$ 0	\$ (45,789)	\$ 1,851,279
Interest	1,138,176		(75,675)	1,062,501
	\$ 3,035,214	\$ 0	\$ (121,464)	\$ 2,913,780

The future principal and interest requirements to maturity are as follows:

General Obligation Bond Issue

Fiscal Year Ending	Principal	Interest
2017	\$ 8,992	\$ 14,144
2018	9,391	13,745
2019	9,766	13,370
2020	10,193	12,943
2021	10,530	12,606
2022-2026	59,505	56,175
2027-2031	72,398	43,282
2032-2036	88,095	27,585
2037-2040	83,754	8,532
Total	\$ 352,624	\$ 202,382

Changes to Long-Term Debt during 2015-2016 are as follows:

	<u>June 30, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>June 30, 2016</u>
Principal	\$ 361,346	\$ 0	\$ (8,722)	\$ 352,624
Interest	216,796	0	(14,414)	202,382
	<u>\$ 578,142</u>	<u>\$ 0</u>	<u>\$ (23,136)</u>	<u>\$ 555,006</u>

The future principal and interest requirements to maturity are as follows:

Oregon Economic Community Development Loan

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 11,829	\$ 7,490
2018	12,369	6,950
2019	12,933	6,386
2020	13,523	5,796
2021	14,139	5,180
2022-2026	80,976	15,619
2027-2028	<u>18,477</u>	<u>843</u>
Total	<u>\$ 164,246</u>	<u>\$ 48,264</u>

Changes to Long-Term Debt during 2015-2016 are as follows:

	<u>June 30, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>June 30, 2016</u>
Principal	\$ 175,560	\$ 0	\$ (11,314)	\$ 164,246
Interest	56,270		(8,006)	48,264
	<u>\$ 231,830</u>	<u>\$ 0</u>	<u>\$ (19,320)</u>	<u>\$ 212,510</u>

The future principal and interest requirements to maturity are as follows:

Business Oregon IFA

Fiscal Year Ending	Principal	Interest
2017	\$ 11,140	\$ 8,243
2018	11,411	7,973
2019	11,688	7,695
2020	11,972	7,411
2021	12,263	7,120
2022-2026	65,932	30,984
2027-2031	74,342	22,576
2032-2036	83,821	13,093
2037-2038	56,662	2,808
Total	\$ 339,231	\$ 107,903

Changes to Long-Term Debt during 2015-2016 are as follows:

	<u>June 30, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>June 30, 2016</u>
Principal	\$ 350,107	\$ 0	\$ (10,876)	\$ 339,231
Interest	116,412	0	(8,509)	107,903
	<u>\$ 466,519</u>	<u>\$ 0</u>	<u>\$ (19,385)</u>	<u>\$ 447,134</u>

Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for risk of loss including workers' compensation, property damage, general liability, automobile liability and employee dishonest coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

SUPPLEMENTARY INFORMATION

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL
GENERAL FUND

Fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Interest from investments	\$ 800	\$ 800	\$ 1,553	\$ 753
User fees	200,546	200,546	206,925	6,379
Property tax receipts	144,600	144,600	142,975	(1,625)
Excess usage charge	24,000	24,000	32,226	8,226
WD Facilities Use Charges	3,000	3,000	3,225	225
Loan surcharge	53,741	53,741	54,161	420
Total receipts	<u>426,687</u>	<u>426,687</u>	<u>441,065</u>	<u>14,378</u>
Disbursements				
Schedule - page 22	<u>720,300</u>	<u>720,300</u>	<u>391,499</u>	<u>328,801</u>
Excess of revenues over (under) expenditures	(293,613)	(293,613)	49,566	343,179
Cash balance - July 1, 2015	<u>293,613</u>	<u>293,613</u>	<u>242,784</u>	<u>(50,829)</u>
Cash Balance – June 30, 2016	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 292,350</u></u>	<u><u>\$ 292,350</u></u>

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF DISBURSEMENTS - BUDGET AND ACTUAL
GENERAL FUND

Fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Materials and services:				
Arch Cape Water District IGA	\$ 129,503	\$ 129,503	\$ 105,498	\$ 24,005
Liability insurance	11,000	11,000	10,269	731
Licenses and permits	2,300	2,300	2,260	40
Maintenance	25,000	25,000	14,612	10,388
Chemicals	5,000	5,000	4,124	876
Inflow and infiltration	1,000	1,000	0	1,000
Dues and taxes	1,100	1,100	1,114	(14)
Audit	3,600	3,600	3,280	320
Professional services	6,000	6,000	6,145	(145)
Legal services	2,500	2,500	820	1,680
Public notices	700	700	382	318
Utilities	49,000	49,000	43,683	5,317
USDA Plant upgrade	144,600	144,600	144,600	0
OECD loan payment	19,319	19,319	19,319	0
DEQ Loan payment	16,070	16,070	16,010	60
IFA Loan payment	19,384	19,384	19,383	1
Total materials and services	436,076	436,076	391,499	44,577
Operating contingencies	284,224	284,224	0	284,224
Total disbursements	\$ 720,300	\$ 720,300	\$ 391,499	\$ 328,801

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL
CAPITAL FUND

Fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
SDC Revenue	\$ 14,532	\$ 14,532	\$ 22,458	\$ 7,926
Total revenues	<u>14,532</u>	<u>14,532</u>	<u>22,458</u>	<u>7,926</u>
Disbursements				
Capital Outlay:				
Other capital outlay	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>35,000</u>
Total capital outlay	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>35,000</u>
Contingency	<u>22,928</u>	<u>22,928</u>	<u>0</u>	<u>22,928</u>
Total disbursements	<u>57,928</u>	<u>57,928</u>	<u>0</u>	<u>57,928</u>
Excess of receipts over (under) disbursements	<u>(43,396)</u>	<u>(43,396)</u>	<u>22,458</u>	<u>65,854</u>
Cash balance – July 1, 2015	<u>43,396</u>	<u>43,396</u>	<u>38,630</u>	<u>(4,766)</u>
Cash Balance - June 30, 2016	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,088</u>	<u>\$ 61,088</u>

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF FUTURE LOAN PRINCIPAL
AND INTEREST REQUIREMENTS

June 30, 2016

Oregon Department of Environmental Quality
Clean Water State Revolving Fund

Maturity Date	Principal	Interest	Total
12/1/16	\$ 6,328	\$ 1,420	\$ 7,748
6/1/17	6,427	1,321	7,748
12/1/17	6,528	1,220	7,748
6/1/18	6,630	1,118	7,748
12/1/18	6,734	1,014	7,748
6/1/19	6,840	908	7,748
12/1/19	6,947	801	7,748
6/1/20	7,057	691	7,748
12/1/20	7,167	581	7,748
6/1/21	7,280	468	7,748
12/1/21	7,394	354	7,748
6/1/22	7,510	238	7,748
12/1/22	7,633	120	7,753
	\$ 90,475	\$ 10,254	\$ 100,729

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF FUTURE LOAN PRINCIPAL
AND INTEREST REQUIREMENTS

June 30, 2016

General Obligation Bond Issue

Maturity Date	Principal	Interest	Total
1/20/2017	\$ 47,210	\$ 74,254	\$ 121,464
1/20/2018	49,301	72,163	121,464
1/20/2019	51,273	70,191	121,464
1/20/2020	53,511	67,953	121,464
1/20/2021	55,284	66,180	121,464
1/20/2022	57,676	63,788	121,464
1/20/2023	59,983	61,481	121,464
1/20/2024	62,544	58,920	121,464
1/20/2025	64,729	56,735	121,464
1/20/2026	67,473	53,991	121,464
1/20/2027	70,172	51,292	121,464
1/20/2028	73,112	48,352	121,464
1/20/2029	75,779	45,685	121,464
1/20/2030	78,935	42,529	121,464
1/20/2031	82,092	39,372	121,464
1/20/2032	85,475	35,989	121,464
1/20/2033	88,705	32,759	121,464
1/20/2034	92,343	29,121	121,464
1/20/2035	96,037	25,427	121,464
1/20/2036	99,937	21,527	121,464
1/20/2037	103,828	17,636	121,464
1/20/2038	108,029	13,435	121,464
1/20/2039	112,350	9,114	121,464
1/20/2040	115,501	4,607	120,108
Total	\$ 1,851,279	\$ 1,062,501	\$ 2,913,780

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF FUTURE LOAN PRINCIPAL
AND INTEREST REQUIREMENTS

June 30, 2016

General Obligation Bond Issue

Maturity Date	Principal	Interest	Total
1/20/2017	\$ 8,992	\$ 14,144	\$ 23,136
1/20/2018	9,391	13,745	23,136
1/20/2019	9,766	13,370	23,136
1/20/2020	10,193	12,943	23,136
1/20/2021	10,530	12,606	23,136
1/20/2022	10,986	12,150	23,136
1/20/2023	11,425	11,711	23,136
1/20/2024	11,913	11,223	23,136
1/20/2025	12,329	10,807	23,136
1/20/2026	12,852	10,284	23,136
1/20/2027	13,366	9,770	23,136
1/20/2028	13,926	9,210	23,136
1/20/2029	14,434	8,702	23,136
1/20/2030	15,035	8,101	23,136
1/20/2031	15,637	7,499	23,136
1/20/2032	16,281	6,855	23,136
1/20/2033	16,896	6,240	23,136
1/20/2034	17,589	5,547	23,136
1/20/2035	18,293	4,843	23,136
1/20/2036	19,036	4,100	23,136
1/20/2037	19,777	3,359	23,136
1/20/2038	20,577	2,559	23,136
1/20/2039	21,400	1,736	23,136
1/20/2040	22,000	878	22,878
Total	\$ 352,624	\$ 202,382	\$ 555,006

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF FUTURE LOAN PRINCIPAL
AND INTEREST REQUIREMENTS

June 30, 2016

Sally's Alley
Business Oregon IFA

Maturity Date	Principal	Interest	Total
12/1/2016	\$ 11,140	\$ 8,243	\$ 19,383
12/1/2017	11,411	7,973	19,384
12/1/2018	11,688	7,695	19,383
12/1/2019	11,972	7,411	19,383
12/1/2020	12,263	7,120	19,383
12/1/2021	12,561	6,822	19,383
12/1/2022	12,866	6,517	19,383
12/1/2023	13,179	6,205	19,384
12/1/2024	13,499	5,884	19,383
12/1/2025	13,827	5,556	19,383
12/1/2026	14,163	5,220	19,383
12/1/2027	14,507	4,876	19,383
12/1/2028	14,860	4,524	19,384
12/1/2029	15,221	4,163	19,384
12/1/2030	15,591	3,793	19,384
12/1/2031	15,969	3,414	19,383
12/1/2032	16,357	3,026	19,383
12/1/2033	16,754	2,628	19,382
12/1/2034	17,162	2,221	19,383
12/1/2035	17,579	1,804	19,383
12/1/2036	18,006	1,377	19,383
12/1/2037	18,443	939	19,382
12/1/2038	20,213	492	20,705
Total	\$ 339,231	\$ 107,903	\$ 447,134

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF FUTURE LOAN PRINCIPAL
AND INTEREST REQUIREMENTS

June 30, 2016

Oregon Economic & Community Development

Maturity Date	Principal	Interest	Total
12/1/2016	\$ 11,829	\$ 7,490	\$ 19,319
12/1/2017	12,369	6,950	19,319
12/1/2018	12,933	6,386	19,319
12/1/2019	13,523	5,796	19,319
12/1/2020	14,139	5,180	19,319
12/1/2021	14,784	4,535	19,319
12/1/2022	15,458	3,861	19,319
12/1/2023	16,163	3,156	19,319
12/1/2024	16,900	2,419	19,319
12/1/2025	17,671	1,648	19,319
12/1/2026	18,477	843	19,320
Total	\$ 164,246	\$ 48,264	\$ 212,510

ARCH CAPE SANITARY DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the fiscal year ended June 30, 2016

Tax Year	Taxes Receivable July 1, 2015	2015-2016 Levy	Collections	Interest Discounts Adjustments	Taxes Receivable June 30, 2016
2015-2016		\$ 144,807	\$ (136,017)	\$ (3,816)	\$ 4,974
2014-2015	\$ 5,788		(3,269)	(12)	2,507
2013-2014	2,954		(1,261)	(7)	1,686
2012-2013	1,972		(1,227)	(3)	742
Prior	1,086		(635)	(11)	440
	<u>\$ 11,800</u>	<u>\$ 144,807</u>	<u>\$ (142,409)</u>	<u>\$ (3,849)</u>	<u>\$ 10,349</u>

**ARCH CAPE SANITARY DISTRICT
COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS
June 30, 2016**

The Arch Cape Sanitary District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operation and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporation (OAR 162, division 40) including, but not limited to:

- a) Deposit of public funds with financial institutions (ORS Chapter 295).
- b) Indebtedness limitations, restrictions, and repayment.
- c) Budgets legally required (ORS Chapter 294).
- d) Insurance and fidelity bonds in force or required by law.
- e) Programs funded by outside sources.
- f) Authorized investment of surplus funds (ORS Chapter 294)
- g) Public contracts, purchasing, and improvements (ORS Chapters 279A, 279B, and 279C).

The management of Arch Cape Sanitary District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Signature

Printed name

Title

Date

Managers Report November 18, 2016

SANITARY:

Correspondence was sent to the property owner at 80046 Pacific Ave. in reference to a billing relief request, informing the homeowner that the request was considered and denied by the Board. (Included in Board Packet)

The sewer line extension on West Cedar Street has been completed. Paving will happen some time in the Spring.

We have received Kubota's membrane inspection report from our recent inspection of the membranes at the wastewater treatment plant. A membrane integrity strength test was performed on several membranes, with results recommending that the District begin budgeting for membrane replacement in 2-4 years. This timeframe is conservatively based. Kubota requests that we have them conduct membrane integrity testing annually to track the performance of the membranes until they are replaced. For now, the membranes are definitely showing signs of deterioration, and we are on target with our schedule for membrane replacement identified in the District's Capital Plan.

I have updated our Biosolids and Recycled Water Plans for submittal to Oregon DEQ as a condition of our discharge permit renewal.